

Message Text

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PAGE 01 ABIDJA 04498 01 OF 02 051508Z
ACTION EB-07

INFO OCT-01 AF-10 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-02 EPG-02 AID-05 SS-15
STR-04 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02
FEAE-00 OMB-01 XMB-04 OPIC-06 /117 W
-----051643Z 017297 /43

R 051315Z MAY 77
FM AMEMBASSY ABIDJAN
TO SECSTATE WASHDC 3294
USDEL MTN GENEVA

UNCLAS SECTION 1 OF 2 ABIDJAN 4498

EO 11652: N/A
TAGS: ETRD EAGR MTN IV
SUBJ: GSP AND IVORIAN COCOA BUTTER

REF: A ABIDJAN 167 B STATE 11355 C STATE 44660
D. ABIDJAN 2777

1. THE AMBASSADOR RECEIVED A LETTER DATED APRIL 13, 1977 FROM THE MINISTER OF COMMERCE, MAURICE SERI GNOLEBA, OF THE INELIGIBILITY OF COCOA BUTTAR FOR THE US GENERALIZED SYSTEM OF PREFERENCES (GSP) AS OF MARCH 1, 1977. SERI GNOLEBA ASKED THE AMBASSADOR REFER LETTER TO WASHINGTON. THERE FOLLOWS THE

FULL TEXT OF THE LETTER TRANSLATED FROM THE ORIGINAL FRENCH:

QTE: OUR EXPORTERS HAVE INFORMED ME THAT THE GOVERNMENT OF THE UNITED STATES HAS GRANTED, FROM JANUARY 1, 1976, DUTY FREE ENTRY TO A NUMBER OF COMMODITIES FROM DEVELOPING COUNTRIES, NOTABLY COCOA BUTTER AND COCOA CAKE. THIS MEASURE, HOWEVER, HAS BEEN RESTRICTED BY UNCLASSIFIED

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PAGE 02 ABIDJA 04498 01 OF 02 051508Z

IMPLEMENTING CRITERIA, WHICH PROVIDE THAT FOR A GIVEN EXPORTING COUNTRY AND A GIVEN PRODUCT, THE PREFERENTIAL TREATMENT MENTIONED ABOVE WILL NO LONGER APPLY, IF: AMERICAN IMPORTS OF A PRODUCT ORIGINATING FROM A COUNTRY EXCEED 25 MILLION US DOLLARS, AN AMOUNT ADJUSTABLE AS A FUNCTION OF CHANGES IN THE GORSS NATIONAL PRODUCT OF THE UNITED

STATES, THERE SAME IMPORTS REPRESENT 50 PERCENT OF THE GLOBAL CUSTOMS VALUE OF ALL IMPORTS OF THAT COMMODITY INTO THE UNITED STATES DURING THE PREVIOUS CALENDAR YEAR. THUS, FOR 1976, IN VALUE TERMS, THE ALLOCATION ADJUSTED TO THE GNP OF THE UNITED STATES IS 29,939,000 US DOLLARS.

IN ANY CASE, IN 1976, THE IVORY COAST EXPORTED TO THE UNITED STATES 35,233,803 US DOLLARS WORTH OF COCOA BUTTER, 42 PERCENT OF THE TOTAL AMOUNT OF AMERICAN IMPORTS OF THIS PRODUCT. THESE IVORIAN EXPORTS, AMOUNTING TO 7,888 TONS, REPRESENT ONLY 39 PERCENT OF THE OVERALL TONNAGE (20,143 TONS) OF COCOA BUTTER IMPORTED BY THE UNITED STATES.

SINCE MARCH 1977, THEREFORE, COCOA BUTTER IS ONCE AGAIN ASSESSED A CUSTOMS DUTY OF THREE PERCENT UPON ENTRY INTO THE UNITED STATES. I WOULD LIKE TO DIRECT YOUR ATTENTION TO THE CONSEQUENCES OF THE AMERICAN ADMINISTRATIONS ACTION ON THE POLICY AS A WHOLE OF INDUSTRIALIZATION IN THE IVORY COAST. IN SEEKING TO DEVELOP INDUSTRIES PROCESSING OUR AGRICULTURAL COMMODITIES, OUR OBJECTIVE IS TO CREATE THE MAXIMUM VALUE-ADDED WITHIN OUR OWN TERRITORY AND THEREFORE INITIATE A GENUINE DEVELOPMENT PROCESS BY ESTABLISHING INDUSTRIES WITH SPIN-OFF TO OTHER INDUSTRIES. THIS STRATEGY WOULD LEAD US OUT OF THE SEASONAL TRADE ECONOMY, WHICH OUR COLONIZERS HAD IMPOSED ON US, AND IS ENTIRELY IN KEEPING WITH THE SPIRIT OF THE VARIOUS GATT CONFERENCES AND OF THE SYSTEM OF GENERALIZED PREFERENCES AS WELL. IT IS UNCLASSIFIED

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PAGE 03 ABIDJA 04498 01 OF 02 051508Z

MOREOVER NECESSARY THAT NO RESTRICTION BE PLACED ON THE IMPLEMENTATION OF THESE PREFERENTIAL RATES GRANTED BY INDUSTRIALIZED COUNTRIES TO DEVELOPING COUNTRIES.

LASTLY, BY PROCESSING OUR OWN AGRICULTURAL COMMODITIES, WE AVOID THE RISK OF UNFAIR COMPETITION WITH THE INDUSTRIES OF DEVELOPED COUNTRIES, WHICH DO NOT EVEN PRODUCE THE PRIMARY COMMODITIES. THERE ARE TWO REASONS WHY THE CRITERIA ENACTED BY THE AMERICAN ADMINISTRATION, HOWEVER, LIMIT ANY DEVELOPMENT OF OUR COCOA-PROCESSING INDUSTRIES. BY SETTING A CERTAIN PERCENTAGE OF THE UNITED STATES GNP AS A CEILING FOR OUR EXPORTS OF COCOA BUTTER AND COCOA CAKE UNDER PREFERENTIAL TARIFF, THE RESULT IS TO RESERVE PART OF THE UNITED STATES MARKET FOR AMERICAN PROCESSORS. ESTABLISHING A CEILING IMMEDIATELY THEREAFTER OF 50 PERCENT OF AMERICAN IMPORTS OF THE SAME COMMODITIES PENALIZES US BECAUSE WE ARE COMPETITIVE, AND THE AMERICAN

CONSUMER IS LIKEWISE PENALIZED.

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PAGE 01 ABIDJA 04498 02 OF 02 051547Z
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FEAE-00 OMB-01 XMB-04 OPIC-06 /117 W
-----051643Z 018110 /43

R 051315Z MAY 77
FM AMMBASSY ABIDJAN
TO SECSTATE WASHDC 3295
USDEL MTN GENEVA

UNCLAS SECTION 2 OF 2 ABIDJAN 4498

FOR MY PART, I BELIEVE THESE RESTRICTIVE MEASURES
OF THE AMERICAN ADMINISTRATION ARE NOT IN KEEPING WITH THE
GENERAL AND LIBERAL POLICY OF ITS GOVERNMENT, WHICH
IN ALL INTERNATIONAL BODIES AND MEETINGS HAS ALWAYS
PREACHED IN FAVOR OF GREATER TRADE AND PREFERENTIAL
TARIFF TREATMENT FOR DEVELOPING COUNTRIES TO FACILITATE
THEIR ECONOMIC START-UP.

I WOULD THEREFORE BE OBLIGED IF YOU WOULD REFER
THE ISSUE RAISED HERE TO YOUR GOVERNMENT IN ORDER
THAT A SOLUTION MAY BE FOUND SUBSTATIATING THE
CONVICTION OF THE IVORY COAST THAT ECONOMIC
COOPERATION WITH THE LIBERAL WEST IS NOT A DELUSION.
(COMPLIMENTARY CLOSE) UNQUOTE

2. ON APRIL 26, 1977 THE AMBASSADOR RESPONDED. THE
TEXT OF HIS LETTER (IN ENGLISH) FOLLOWS. USDEL MTN
WILL WANT TO NOTE THE LAST TWO PARAS.

QTT: I HAVE THE HONOR TO ACKNOWLEDGE RECEIPT OF
YOUR LETTER DATED 13 APRIL 77 CONCERNING THE EXCLUSION
AS OF MARCH 1, 77 FROM THE GENERALIZED SYSTEM OF
PREFERENCES OF COCOA BUTTER IMPORTED INTO THE UNITED
STATES FROM THE IVORY COAST.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ABIDJA 04498 02 OF 02 051547Z

GSP WAS DESCRIBED IN A LETTER DATED JANUARY 15, 1976 WHICH WAS SENT TO YOU BY MY PREDECESSOR, AMBASSADOR ROBERT SMITH. THE EXCLUSION FROM GSP OF COCOA BUTTER FROM THE IVORY COAST WAS CONVEYED TO THE GOVERNMENT OF THE IVORY COAST BY DIPLOMATIC NOTE NO 44 DATED MARCH 3, 1977. AS YOU HAVE REQUESTED, I HAVE REFERRED YOUR LETTER TO THE APPROPRIATE AUTHORITIES OF THE GOVERNMENT OF THE UNITED STATES.

THE EXCLUSION OF THE IVORY COAST FROM THE BENEFITS OF GSP FOR COCOA BUTTER DERIVES NOT FROM THE ADMINISTRATION OF THE UNITED STATES BUT FROM THE LEGISLATION WHICH ESTABLISHED THE SYSTEM. GSP WAS ESTABLISHED UNDER THE PROVISIONS OF THE 1974 AMERICAN TRADE ACT. THAT LAW PROVIDES THAT WHENEVER A BENEFICIARY COUNTRY HAS EXPORTED TO THE UNITED STATES DURING A CALENDAR YEAR AN ELIGIBLE ARTICLE HAVING AN APPRIASED VALUE IN EXCESS OF AN AMOUNT WHICH BEARS THE SAME RATIO TO 25 MILLION DOLLARS AS THE GROSS NATIONAL PRODUCT OF THE UNITED STATES FOR THE PRECEDING CALENDAR YEAR, SUCH ARTICLE WILL BE EXCLUDED FROM PREFERENTIAL TREATMENT. FOR 1976, THE EXCLUSION LEVEL WAS 26.6 MILLION DOLLARS. IN EXPORTING TO THE UNITED STATES IN 1976 MORE THAN 35 MILLION DOLLARS WORTH OF COCOA BUTTER, THE IVORY COAST WAS THE ONLY GSP BENEFICIARY COUNTRY TO EXCEED THE EXCLUSION LEVEL. AN ANALYSIS OF THE EFFECT OF THIS EXCLUSION SUGGESTS THAT THE ASSESSMENT OF A THREE PERCENT TARIFF MIGHT CAUSE SLIGHT DECLINE IN EXPORTS TO THE UNITED STATES OF THIS PRODUCT, HOWEVER, THE IVORY COAST IS THE ONLY MAJOR PRODUCER OF "HARD" COCOA BUTTER, WHICH IS PREFERRED BY CONSUMERS IN THE UNITED STATES; THEREFORE THE TARIFF MAY CAUSE NO REDUCTION IN EXPORTS TO THE UNITED STATES.

THE GOVERNMENT OF THE UNITED STATES SHARES THE INTEREST YOU HAVE EXPRESSED IN THE REMOVAL OF

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PAGE 03 ABIDJA 04498 02 OF 02 051547Z

INTERNATIONAL BARRIERS AGAINST TRADE, IN PARTICULAR TRADE BETWEEN INDUSTRIALIZED AND DEVELOPING NATIONS. MAY I AVAIL MYSELF OF THIS OPPORTUNITY TO RECALL THAT THE IVORY COAST HAS PLACED COCOA BUTTER ON ITS REQUEST LIST FOR THE TROPICAL PRODUCTS GROUP AT THE MULTILATERAL TRADE NEGOTIATIONS WHICH ARE NOW BEING HELD IN GENEVA. THE GOVERNMENT OF THE UNITED STATES HAS, AT THE SAME TIME, PLACED COCOA BUTTER ON ITS OFFER LIST. A SUCCESSFUL NEGOTIATION IN GENEVA WOULD RESULT IN COCOA BUTTER ENTERING THE UNITED STATES ON A

PERMANENT MOST-FAVORED NATION BASIS. YOUR LETTER
MAKES CLEAR THAT THIS WOULD BE SOMETHING OF VALUE TO
THE IVORY COAST.
I CAN ASSURE YOU THAT THE GOVERNMENT OF THE
UNITED STATES WILL SEEK A SUCCESSFUL CONCLUSION
TO THE GENEVA NEGOTIATIONS. THE GOVERNMENT OF
THE UNITED STATES DOES INDEED SEEK GREATER TRADE BETWEEN
INDUSTRIALIZED AND DEVELOPING COUNTRIES
AND WILL CONTINUE ITS EFFORTS TOWARDS THAT END.
(COMPLEMENTARY CLOSE)
UNQTE. STEARNS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXT, COCOA, GENERALIZED PREFERENCES (TARIFFS), DIPLOMATIC COMMUNICATIONS, COMMODITY AGREEMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 05-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Document Number: 1977ABIDJA04498
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770158-0286
Format: TEL
From: ABIDJAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770592/aaaadbhl.tel
Line Count: 235
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9e388c9a-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 ABIDJAN 2777
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 26-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2636700
Secure: OPEN
Status: NATIVE
Subject: GSP AND IVORIAN COCOA BUTTER
TAGS: ETRD, EAGR, IV, US, MTN
To: STATE MTN GENEVA
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/9e388c9a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009